

THE WHITE HOUSE
WASHINGTON

JANUARY 7, 1982

NSC Review Completed.

MEMORANDUM FOR THE CABINET COUNCIL ON COMMERCE AND TRADE

FROM: CRAIG L. FULLER *CS*
SUBJECT: AUTO INDUSTRY ISSUES

Since the President's meeting with the automobile manufacturers, several issues have been identified for consideration by the administration. It would be useful at the meeting of the Cabinet Council on Commerce and Trade on Friday, January 8, 1982 with the President for the following issues to be discussed:

Trade Relations with Japan

Our trade relations with Japan should be reviewed. Various options have been mentioned by the auto leaders and by members of the administration. Non-tariff trade barriers that offer relief for the American auto industry should be identified. Any acceptable potentially effective measures should be presented for the President's consideration.

ACTION: USTR

25% Tariff on Non-duty Trucks

The industry expressed a concern that this tariff might be dropped in trade talks during 1982. Since this would disadvantage the U.S. manufacturers, there is serious concern about such a possibility among the U.S. auto manufacturers. A status report and/or recommendation should be presented.

ACTION: USTR

Clean Air Act Amendments

Administration strategy on the Clean Air Act should be reviewed with the President. A recommended position on H.R. 5252 should be presented as well as any important strategy considerations.

ACTION: The Vice President

Auto Task Force

The President should be given a status report on the Automobile Task Force which is now a responsibility of the Department of Commerce. The

industry identified this as an important Task Force because it provides a focus for important issues.

ACTION: Department of Commerce

Pending Regulations

While very complimentary of the administration's overall efforts to reduce the regulatory burden on the industry, two areas of continued interest were identified: bumper regulations and the .2 gram/mile particulate standard. A status report and/or recommendations should be made on both issues.

ACTION: The Vice President

Section 208/Comfort and Convenience

It has been suggested that Comfort and Convenience standards be delayed for one year. A status report and/or recommendation should be made.

ACTION: ~~Department of Transportation~~

Tax Credit Proposal

Various tax credit proposals have been advanced. The most often mentioned is a \$1,500 tax credit on cars manufactured in the U.S. Variations involve a credit based on "domestic content of the vehicle" as well as a credit specifically targeted to fuel efficient automobiles. The pros and cons of the tax credit proposal should be reviewed from the standpoint of its actual value to the industry, its cost and its general policy implications.

ACTION: Council of Economic Advisers

Comments on these matters, views in writing for review by the President and additional issues should be forwarded to the Office of Cabinet Affairs by 4:00 p.m. Thursday, January 7, 1982.